



**Uniform
Medical Plan**

Your health. Your plan. Your choice.

Volume 2, Issue 1

Provider Bulletin

August 2000

Please circulate the UMP *Provider Bulletin* to the appropriate clinical, billing, and bookkeeping staff.

A Personal Note from Andrew Brunskill, M.D., Medical Director

I would like to thank you for taking such good care of Uniform Medical Plan (UMP) members, and to let you know more about an opportunity for improving your patients' health even more: **the UMP's new smoking cessation benefit**. We now have a contract for these services through Free and Clear, a very successful program developed by Group Health Cooperative. Your help is needed to identify and enroll UMP members who could use these services. Information is available at **1-800-292-2336** or **www.freeandclear.org/brochure**.

The Free and Clear program is available at no cost to many UMP members; for others, the cost is minimal. Evidence shows this program to be highly effective in helping smokers quit. As health care providers, we all know that smoking is the leading preventable cause of disease; therefore, referring patients to a good smoking cessation program is one of the few things we can do to really impact our patients' present and future well-being.

In particular, I would like to encourage referrals of those who have diabetes and smoke, who are pregnant and smoke, and all others with health conditions that are exacerbated by smoking to enroll in this program. Our best estimates indicate that about 25 percent of UMP members smoke (20,000 total); of these, we would expect approximately 3 percent to enroll in such a program in a year's time. Yet in the past year, only 80 have signed up; where are the rest?

This is one of the most important single things we can do for our patients.

I would also like to let you know about the UMP's exceptional Web site—www.wa.gov/hca/ump.

We will soon be introducing more links allowing members to access health information. If you have any comments or suggestions, please use the feedback form on the Web site to respond.

We appreciate your feedback; we take it seriously and use it to consider benefit changes and customer service improvements. If you have suggestions that would allow UMP members to receive demonstrably better care in a more cost-efficient manner, please contact me at the e-mail address below or write to me at:

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IN THIS ISSUE

A Personal Note from Andrew Brunskill, M.D., Medical Director.....	1
Updated Pages for the UMP <i>Billing and Administrative Manual</i>	2
Fee Schedule and Billing Manual on UMP Web Site	2
<i>Professional Provider Fee Schedule</i> Updated.....	2
<i>Prosthetic and Orthotic Fee Schedule for Suppliers</i> Updated	3
Outpatient Hospital Reimbursement Methodology Change for Laboratory, Radiology, and Therapy Services	3
Anesthesia Payment System Updated	3
Clarification of Preventive Care Benefits	3
Reminder: Use Appropriate Claim Forms	4
Medicare Crossover Claims	4
Public Records Privacy Protections	4
Notifying the UMP of Changes	4

HOW TO REACH US

Claims Processing and Preauthorizations **Toll free 1-800-464-0967**
Local 425-670-3046
Fax 425-670-3199

- ▶ Benefits Information
- ▶ Customer Service
- ▶ Claims Information
- ▶ Enrollee Eligibility Information*
- ▶ General Billing Questions
- ▶ Medical Review
- ▶ Prenotification/Preauthorization
- ▶ Prescription Drug Benefits
- ▶ Status of Submitted Claim

***Automated Enrollee Eligibility Information** **Toll free 1-800-335-1062**

(Have subscriber I.D. number available, and select #2 for "PEBB subscriber information.")

Provider Credentialing and Contracting Issues **Toll free 1-800-292-8092**
Local 206-521-2023
Fax 206-521-2001

- ▶ Change of Provider Status
- ▶ New Provider Enrollment
- ▶ Preferred Provider Contract Information
- ▶ Policies and Procedures
- ▶ Questions Regarding Provider Billing Manuals and/or Fee Schedules and Payment Policies
- ▶ Provider Bulletin Feedback

UMP Web Site **www.wa.gov/hca/ump**

Updated Pages for the UMP *Billing and Administrative Manual*

Enclosed with this bulletin are updated pages for the UMP *Billing and Administrative Manual for Professional Providers* that we mailed to you in May 2000. Please review the updated pages and insert them into your manuals accordingly. These changes, discussed in the cover letter to the May mailing, include the July 1, 2000 updates to the *Professional Provider Fee Schedule*, anesthesia payment system, payment policies, and billing rules.

Fee Schedule and Billing Manual on UMP Web Site (www.wa.gov/hca/ump)

We are pleased to announce that the following UMP publications are now available on our Web site:

- ▶ *Billing and Administrative Manual for Professional Providers*
- ▶ *Professional Provider Fee Schedule*
- ▶ *Anesthesia Fee Schedule*
- ▶ *Prosthetic and Orthotic Fee Schedule, Including Ostomy and Urological Supplies*

Pharmacy benefit information applicable to UMP members is also available on-line. You can link from the UMP's Web site, or go directly to our pharmacy benefits manager's site at www.merckmedco.com and click on the label "For Health Care Practitioners" at the bottom of the page. This site contains drug formulary and pharmacy network information, an explanation of members' mail-order prescription options and how to order refills on-line, and other important resources on pharmacy coverage. Be sure to visit the Web site for this and other UMP news.

Professional Provider Fee Schedule Updated

The UMP *Professional Provider Fee Schedule* was updated **effective July 1, 2000**. Details pertaining to the revised maximum allowances are included below.

Maximum Allowances Based on Resource-Based Relative Value Scale (RBRVS) Methodology

The maximum allowances for most codes on the fee schedule are based on:

- ▶ The Health Care Finance Administration's (HCFA's) 2000 relative value units (RVUs),
- ▶ HCFA's statewide Geographic Practice Cost Indices (GPCIs) for Washington, and
- ▶ The UMP's RBRVS conversion factor, which will remain at \$45.55.

The 2000 RVUs include HCFA's dual levels of practice expense RVUs for services performed in facility versus non-facility settings. Using these dual level RVUs, the UMP is implementing a payment differential based on site of service. The statewide GPCIs used are:

- ▶ 0.989 (work),
- ▶ 1.010 (practice expense), and
- ▶ 0.742 (malpractice expense).

While the UMP's conversion factor will stay at \$45.55, the change from 1999 to 2000 HCFA RVUs will generate an increase in average plan reimbursement amounts. The impact equates to an average inflation increase of 3.33 percent less changes related to implementing site-of-service payment differentials. The 3.33 percent inflation factor is comparable to the medical consumer price index for the Seattle-Tacoma-Bremerton area. Factoring in the impact of the UMP's new site-of-service payment differential, **the net impact of the fee schedule update is a 1.8 percent increase in professional provider reimbursement across all types of procedures**

Claims that do not include a valid two-digit place-of-service code can no longer be processed and will be denied. See updated instructions in Section 3 of the *Billing and Administrative Manual* regarding the appropriate use of these codes.

Maximum Allowances Based on Medicare's Clinical Diagnostic Laboratory Fee Schedule

The maximum allowance for clinical laboratory procedure codes (with the exception of Pap smears) is set at 136.5 percent of Medicare's 2000 *Clinical Diagnostic Laboratory Fee Schedule*. Many of the UMP maximum allowances for clinical laboratory procedure codes did not change with this update as a result of a provision of the Balanced Budget Act of 1997, which provided no inflation update to Medicare's Clinical Diagnostic Laboratory Fee Schedule for 2000.

The UMP maximum allowance for the conventional Pap smear codes is \$14.60, and the thin layer preparation Pap smear codes is \$25.

Maximum Allowances Based on Medicare's Durable Medical Equipment/Prosthetic and Orthotic Fee Schedule

Many supply items on the UMP *Professional Provider Fee Schedule* are considered "bundled" into the cost of other services and are not paid separately. See "Prosthetic and Orthotic Fee Schedule for Suppliers Updated" on this page for related information.

Prosthetic and Orthotic Fee Schedule for Suppliers Updated

The UMP *Prosthetic and Orthotic Fee Schedule, Including Ostomy and Urological Supplies* for suppliers was updated **effective July 1, 2000**. The updated maximum allowances are based on Medicare's 2000 *Durable Medical Equipment/Prosthetic and Orthotic Fee Schedule*.

Outpatient Hospital Reimbursement Methodology Change for Laboratory, Radiology, and Therapy Services

For dates of service **on or after July 1, 2000**, covered laboratory, radiology, and therapy services billed by hospitals will be reimbursed according to the UMP's *Professional Provider Fee Schedule*.

Anesthesia Payment System Updated

Effective July 1, 2000, the UMP implemented several major changes to the payment system for reimbursement of anesthesia services. Current Procedural Terminology (CPT) anesthesia codes should now be used in place of surgical codes for reporting anesthesia services. The UMP also changed from a 12- to 15-minute based system. The primary source for the UMP's anesthesia base units is the American Society of Anesthesiologists' 2000 *Relative Value Guide*.

Reimbursement will continue to be composed of base units plus anesthesia minutes. As a result of the changes to the payment system, the UMP's revised conversion factor is \$40.09, with each base unit now worth 15 minutes. On average, the new conversion factor maintains a reimbursement level that is equivalent to the former conversion factor of \$35 and only 12 minutes per base unit.

Providers must continue to report the actual anesthesia minutes in the unit field (24G) on the HCFA-1500 claim form for payment purposes. Actual payment will continue to be calculated on a per-minute basis.

The enclosed updates for the UMP *Billing and Administrative Manual* include billing instructions for anesthesia services. A sample calculation included in Section 7.10.5 will show you how the maximum allowance for an anesthesia service is determined by the UMP.

Clarification of Preventive Care Benefits

The UMP's preventive care benefit is based on the U.S. Preventive Services Task Force criteria. It also covers some additional services such as annual flu shots, PSAs for men over age 50, and pneumococcal conjugate. Pages 35-38 of the 2000 UMP *Certificate of Coverage*, which is also available on the UMP's Web site, list the benefit criteria.

Preventive services above these criteria are considered provider liability. However, if additional medically necessary services are delivered during the course of a routine physical, be sure to bill these additional procedures with the applicable diagnosis to substantiate why the services were provided. In these cases, additional covered services will also be subject to the member's annual deductible and coinsurance.

Reminder: Use Appropriate Claim Forms

The UMP *Billing and Administrative Manual* instructs providers to use the standard HCFA-1500 form or HCFA-1450 (UB92) form for all claims submitted to the UMP. Periodically, however, the UMP still receives charges on customized billing forms/statements. The customized formats do not always include all information required for processing the claim. For instance, customized forms do not generally contain HCFA's place-of-service codes, which are required for application of the new site-of-service payment policy for professional services.

Use of other billing formats causes processing delays and does not meet the Health Insurance Portability and Accountability Act (HIPAA) administrative simplification standards that are facing all of us. Please be advised that the UMP is no longer able to accept other billing formats and plans to begin denying charges that are not submitted on a standard claim form (i.e., HCFA-1500 or HCFA-1450/UB92) in the near future.

Medicare Crossover Claims

By mid-fall, Medicare and the UMP will automatically exchange information used to process outpatient

claims for retirees who have both Medicare and UMP coverage. Once a provider bills Medicare, information on any Part B claims for UMP members will be forwarded electronically from Medicare's claims payor (Noridian Government Services) to the UMP's claims payor. This new process eliminates the need for members to submit claims paperwork to the UMP following the receipt of the Explanation of Medicare Benefits (EOMB). We also hope to eventually expand the process to include Part A claims for inpatient services. Eliminating the need for manual claim filing by members (and providers) will lessen frustration with claims paperwork, and is expected to speed payment of these claims by several months.

Public Records Privacy Protections

Governor Locke has recently issued Executive Order 00-03 holding state agencies accountable for providing leadership in the protection of personal privacy rights of Washington's citizens. In the health care field, privacy protections are also a major focus of the state's Patients' Bill of Rights and federal HIPAA regulations.

The Executive Order explicitly prohibits the release of personal information for commercial purposes. Public concerns regarding privacy protection have been fueled by widespread use of technology for transmitting information as well as the growth of commercial and government databases with highly sensitive personal information.

As a state program, the UMP will be adopting policies to safeguard personal information of our members appropriately. These policies will also affect UMP contractors, including our preferred providers. We plan to get back to you in the next few months as we address these issues.

Notifying the UMP of Changes

As a UMP preferred provider, it is important that you keep us informed of any changes to your practice or status, such as changes to your business address, tax I.D. number, licensure, certification, registration, or qualifications. Please send all updated information to the UMP Provider Credentialing Division. See page 2 for contact information.